

Message Text

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PAGE 01 STATE 083253
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 TRSE-00 SSO-00 NSCE-00
INRE-00 USIE-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04
ITC-01 PRS-01 SP-02 OMB-01 IO-13 GSA-02 /096 R

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APPROVED BY EB:JLKATZ
TREAS:RSELF
EUR/WE:MDURKEE(SUBS)
EB/OT:WBARRACLOUGH
EB/OT/STA:JSSPIRO
-----132332Z 061136 /62
O 132240Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY MADRID IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTY INVESTIGATION--ZINC FROM
SPAIN

REF: (A) STATE 77739, (B) MADRID 2010, (C) MADRID 1682,
(D) STATE 38192, (E) 76 STATE 308687

1. AS REPORTED REF A, TREASURY DECIDED TO PUBLISH NOTICES
OF FINAL AFFIRMATIVE COUNTERVAILING DUTY DETERMINATION ON
ZINC IMPORTED FROM SPAIN AND OF SUSPENSION OF LIQUIDATION
APPROXIMATELY TWO MONTHS PRIOR TO THE STATUTORY DEADLINE.
THIS ACTION WAS TAKEN BECAUSE: (A) ELEMENTS OF THE
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PAGE 02 STATE 083253

SPANISH EXPORT REBATE SYSTEM HAD BEEN DETERMINED TO BE
COUNTERVAILABLE IN PREVIOUS INVESTIGATIONS; (B) THE
INVESTIGATION ON ZINC WAS VIRTUALLY COMPLETED PENDING THE
RECEIPT OF ADDITIONAL INFORMATION PROMISED BY THE ZINC
INDUSTRY (INFORMATION IN HAND WAS SUFFICIENT SO THAT
COUNTERVAILING DUTIES COULD BE ESTIMATED AT 4 PERCENT);
(C) INFORMATION RECEIVED FROM THE U.S. ZINC INDUSTRY AND

CONFIRMED BY EMBASSY (REFS C AND D) AND LATER BY COUNSEL FOR THE SPANISH ZINC INDUSTRY INDICATED THAT SHIPMENTS WORTH UP TO \$12 MILLION MIGHT ENTER THE U.S. PRIOR TO THE JUNE 17 DEADLINE. IT WAS THEREFORE DECIDED AT THE HIGHEST

LEVELS OF TREASURY TO MOVE PRIOR TO THE STATUTORY DEADLINE.

2. IT SHOULD BE EMPHASIZED TO SPANISH AUTHORITIES THAT THE ZINC DECISION IN NO RPT NO WAY FORECLOSES PRESENTATION OF ADDITIONAL EVIDENCE AND FURTHER DISCUSSION. THE EXPRESS PURPOSE OF THE SUSPENSION OF LIQUIDATION IS TO ALLOW ADDITIONAL INFORMATION TO BE TAKEN INTO ACCOUNT IN SETTING THE FINAL COUNTERVAILING DUTY RATE ON ZINC AND TO PERMIT THE RETURN OF DEPOSITS IF WARRANTED BY SUCH INFORMATION.

3. TREASURY REGRETS THAT THERE HAS APPARENTLY BEEN A MISUNDERSTANDING OF THE NATURE OF THE CONSULTATIONS POSSIBLE IN THIS CASE PRIOR TO THE ADVANCED DECISION. BECAUSE OF THE VOLATILE NATURE OF THE COMMODITY MARKETS TREASURY CONSIDERED IT NECESSARY TO WITHHOLD UNTIL THE LAST MINUTE INFORMATION ON THE TIMING OF AN EARLY ACTION ON ZINC TO MINIMIZE THE POSSIBILITY OF LEAKS AND MARKET SPECULATION THAT COULD FLOW FROM IT. THUS, THE SPANISH EMBASSY WAS INFORMED A FEW HOURS BEFORE THE PRESS RELEASE AND THE DEPARTMENT THE PREVIOUS AFTERNOON. TREASURY DEPUTY ASSISTANT SECRETARY SUCHMAN BELIEVES THAT ADEQUATE NOTICE ON ZINC WAS GIVEN TO SPANISH AUTHORITIES IN VIEW OF THE JANUARY 20-21 MEETINGS ON COUNTERVAIL, THE LIMITED OFFICIAL USE

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PAGE 03 STATE 083253

REPRESENTATIONS MADE BY THE EMBASSY IN FEBRUARY (REFS C AND D), AND DISCUSSION AT THE JOINT ECONOMIC COMMITTEE MARCH 14.

4. TEXT OF APRIL 7 NOTE FROM SPANISH EMBASSY HAS BEEN POUCHED AND A SUMMARY IS BEING SENT SEPTEL. IN PRESENTING NOTE TO TREASURY APRIL 8, COUNSELOR SIERRA SAID THE GOS HAD BEEN ON THE VERGE OF ASKING FOR CONSULTATIONS AND INQUIRED ABOUT POSSIBLE DATES; TREASURY SUGGESTED SECOND WEEK IN MAY AS A POSSIBILITY. SIERRA IS CONSULTING MADRID FOR FURTHER INDICATIONS ON TIMING OF A VISIT.

5. DEPARTMENT IS CONCERNED THAT THE OUTCOME IN THIS SPECIFIC CASE NOT UNDERMINE THE PROCESS OF CONSULTATION WITH THE GOS, WHICH RELUCTANTLY AGREED TO COOPERATE IN THE INVESTIGATION. WE RECOGNIZE THAT SPANISH OFFICIALS CONTINUE TO QUESTION THE BASIS FOR THE EARLIER DETERMINATION THAT A BOUNTY OR GRANT EXISTS IN THE SPANISH REBATE SYSTEM. NONETHELESS, WE BELIEVE CONSULTATIONS CAN HELP

RECONCILE DIFFERING VIEWS AND PRACTICES. EMBASSY SHOULD
EMPHASIZE TO GOS THAT USG OFFICIALS ARE PREPARED TO
DISCUSS ZINC AND OTHER COUNTERVAILING DUTY ISSUES AND A
GOS DELEGATION SHOULD BE ENCOURAGED TO PROCEED WITH THEIR
PLANS TO COME TO WASHINGTON.
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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 13-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: MCJONES:MH
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D770128-1036
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From: STATE
Handling Restrictions: n/a
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